

AR03



ALL-CAN HOLDINGS LTD.

ALLEN FAMILY

annual report
1977




**the
only
one**


**FRESH AIRWAVES
CFNY-FM
102.1**

A Division of  All-Can Holdings Ltd.

CHIC
TALKRADIO 79



**STEPHEN
LEWIS**



**LARRY
SOLWAY**



ALL-CAN HOLDINGS LTD.

*Incorporated under the laws of the
Province of British Columbia*

Officers and Directors

LESLIE A. ALLEN
*President and
Chief Executive Officer*
Toronto, Ontario

A. T. R. CAMPBELL, Q.C.
Director
Partner, Davis & Company
Barristers & Solicitors
Vancouver, B.C.

PROF. JAMES A. BEVERIDGE
Director
Professor
Motion Pictures, School of Fine Arts
York University
Toronto, Ontario

JAMES A. COWAN
Director
Public Relations Counsel
Toronto, Ontario

HARRY J. ALLEN, JR.
Secretary and Director
Toronto, Ontario

Solicitors
Davis & Co.
Vancouver, B.C.

Auditors
Fuller Jenks Landau
Toronto, Ontario

Registrar and Transfer Agents
Guaranty Trust Company of Canada
540 Burrard Street 88 University Ave.
Vancouver, B.C. Toronto, Ont.

Class B shares are listed on Toronto and
Vancouver Stock Exchanges.



ALL-CAN HOLDINGS LTD.

All-Can House, 41A Avenue Road, Toronto, Canada M5R 2G3

Cable Address

"LASALLEN"

416 - 925-3173

PRESIDENT'S REPORT

To The Shareholders:

Submitted herewith are the consolidated financial statements for your company and its subsidiaries for the fiscal year ending August 31, 1977.

The wholly-owned subsidiary's FM stereo radio station, CFNY-FM, broadcasts 24 hours daily with power at 100,000 watts and a sound that includes all forms of music through the day, rock, folk, jazz and classics.

Advertising orders representing six figure dollar value have been booked at CFNY-FM for a period beginning in December, 1977 when stabilization of the new signal pattern has been reached. The response from listeners and advertisers has been beyond management's expectations.

Your company's AM radio station, CHIC-AM continues to reach higher levels of acceptance.

The company's policy of leasing, thus expensing some premises and some equipment is reflected in higher expenses in the fiscal period ending last August. These expenses could form a smaller percentage of the total revenues in the next fiscal period.

Acquisition of motion picture prints will be limited, in the future, as world-wide film production continues to be curtailed.

There is ample potential on the growth side in our present lines of business. Your company will remain alert to external opportunities.

Opinions are varied about the business climate and are clouded by uncertainty over the political atmosphere. Management hopes for a moderate strengthening of the economy.

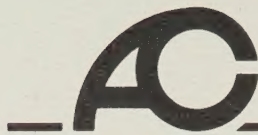
On behalf of the Board of Directors,

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Leslie A. Allen', is written over a light-colored background.

Leslie A. Allen,
President

November 10, 1977.

**ALL-CAN HOLDINGS LTD.**

and subsidiary companies

*(Incorporated under the laws of the Province of British Columbia)***CONSOLIDATED BALANCE SHEET****AUGUST 31, 1977****ASSETS**

	<u>1977</u>	<u>1976</u>
Current		
Cash	\$ 49,360	\$ 115,815
Accounts receivable	47,721	39,439
Inventories, note 1 (b)	15,110,557	10,048,533
Prepaid expenses	15,452	10,126
Loans and advances	—	3,459
	<u>15,223,090</u>	<u>10,217,372</u>
Fixed, note 2	568,418	291,687
Other, note 3	479,559	522,971
	<u>\$16,271,067</u>	<u>\$11,032,030</u>

LIABILITIES

Current		
Bank loans, note 4	\$ 679,950	\$ 574,950
Accounts payable and accrued liabilities	268,468	254,812
Income taxes payable	2,693	11,008
Due to other corporations	143,581	166,012
Due to directors	103,525	112,614
Deferred income	16,970	1,000
Deferred income taxes, note 5	5,052,573	3,950,804
Current portion of long-term debt, note 6	794,360	339,309
	<u>7,062,120</u>	<u>5,410,509</u>
Long-term		
Long-term debt, less current portion, note 7	3,034,050	770,795
Deferred income taxes, note 5	94,300	67,800
	<u>10,190,470</u>	<u>6,249,104</u>

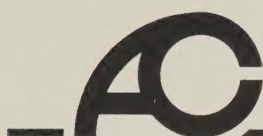
SHAREHOLDERS' EQUITY

Capital stock, note 8	897,500	897,500
Retained earnings	5,183,097	3,885,426
	<u>6,080,597</u>	<u>4,782,926</u>
	<u>\$16,271,067</u>	<u>\$11,032,030</u>

Approved on behalf of the Board:

"Leslie A. Allen", Director

"James Beveridge", Director

**ALL-CAN HOLDINGS LTD.****and subsidiary companies***(Incorporated under the laws of the Province of British Columbia)***CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED AUGUST 31, 1977**

	<u>1977</u>	<u>1976</u>
Income	\$4,514,316	\$3,615,887
Expenses excluding depreciation and amortization	966,792	607,711
Income from operations (before depreciation and amortization)	3,547,524	3,008,176
Depreciation and amortization	62,109	25,965
Amortization of film costs	1,057,976	657,726
	<u>1,120,085</u>	<u>683,691</u>
Income, before taxes	2,427,439	2,324,485
Provision for income taxes		
Current	1,500	(5,300)
Deferred	1,128,268	1,167,478
	<u>1,129,768</u>	<u>1,162,178</u>
Net income for the year	\$1,297,671	\$1,162,307
Earnings per participating share	\$ 1.51	\$ 1.35

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1977**

Retained earnings, beginning of year	\$3,885,426	\$2,723,119
Net income for the year	<u>1,297,671</u>	<u>1,162,307</u>
Retained earnings, end of year	<u>\$5,183,097</u>	<u>\$3,885,426</u>

AUDITORS' REPORT

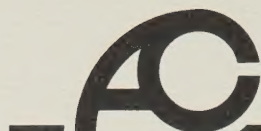
To The Shareholders,
All-Can Holdings Ltd.

We have examined the consolidated balance sheet of All-Can Holdings Ltd. and its subsidiaries as at August 31, 1977 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1977 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
November 8, 1977

FULLER JENKS LANDAU
Chartered Accountants



ALL-CAN HOLDINGS LTD.

and subsidiary companies

(Incorporated under the laws of the Province of British Columbia)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 1977

	<u>1977</u>	<u>1976</u>
Working capital was provided by:		
Net income for the year	\$ 1,297,671	\$ 1,162,307
Add items not requiring an expenditure of funds:		
— depreciation and amortization	62,109	25,965
— deferred income taxes	26,500	(3,200)
	<u>1,386,280</u>	<u>1,185,072</u>
Reduction of other assets	20,087	—
Increase in long-term debt	<u>2,263,255</u>	<u>—</u>
	<u>3,669,622</u>	<u>1,185,072</u>
Working capital was applied to:		
Deferred expenses	—	5,966
Purchase of fixed assets	315,515	1,087
Reduction in long-term debt	—	117,293
	<u>315,515</u>	<u>124,346</u>
Increase in working capital	3,354,107	1,060,726
Working capital, beginning of year	<u>4,806,863</u>	<u>3,746,137</u>
Working capital, end of year	<u>\$ 8,160,970</u>	<u>\$ 4,806,863</u>
Working capital represented by:		
Current assets	\$15,223,090	\$10,217,372
Current liabilities	<u>7,062,120</u>	<u>5,410,509</u>
	<u>\$ 8,160,970</u>	<u>\$ 4,806,863</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1977

1. Statement of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company's wholly-owned subsidiaries CHIC Radio Limited, All-World Cinema Limited, Green Ink Limited, Belleville Media Limited and Media All-Can Inc.

(b) Inventory

Inventory consists of unamortized film and print costs. Films and prints are acquired for specified periods or in perpetuity and the costs are amortized over the period of anticipated revenue.

(c) Income recognition

Income from film distribution is recognized as instalment payments become due although certain contracts may extend the film rights beyond the payment term.

2. Fixed Assets

		1977		1976
	Depreciation rates per annum	Cost	Accumulated depreciation	Cost
Lands		\$ 80,585	\$ —	\$ 80,585
Buildings	5%	44,947	16,404	44,947
Radio equipment	5%	593,357	156,253	274,615
Projection equipment	20%	—	—	34,000
Mobile telephones	25%	9,380	6,412	9,380
Furniture and fixtures	20%	41,784	29,869	39,831
Automobiles	30%	5,412	2,956	8,413
Leasehold improvements	10%	25,669	20,822	25,669
		<u>801,134</u>	<u>232,716</u>	<u>517,440</u>
1976 accumulated depreciation				225,753
Cost less accumulated depreciation		<u>\$568,418</u>		<u>\$291,687</u>

The declining balance method of depreciation was applied to buildings, mobile telephones, furniture and fixtures and automobiles; straight line method to radio equipment and leasehold improvements.

3. Other Assets, at cost

	1977	1976
Incorporation and organization expense	\$ 27,737	\$ 27,737
Deferred expenses	8,631	28,718
Radio licences — nominal value	2	2
Goodwill less amortized portion	443,189	466,514
	<u>\$479,559</u>	<u>\$522,971</u>

Expenses of certain subsidiaries have been deferred until such time as the subsidiaries become actively involved in the earning of income. Goodwill resulted from the purchase of certain subsidiary companies in previous years. Amortization of goodwill has been provided by means of the straight line method using an estimated life of 20 years.

4. Bank Loans

The bank loans are secured by a general assignment of book debts.

5. Deferred Income Taxes

Subsidiary companies follow the income tax allocation basis of accounting whereby the provision for income taxes relates to the accounting income for the period. The cumulative tax effects of timing differences relates to current assets and fixed assets and are classified accordingly.

6. Current Portion of Long-Term Debt

A subsidiary has withheld payment to a supplier pending delivery of certain material and the resolution of outstanding claims.

7. Long Term Debt, less current portion

Mortgages payable, secured by lands and buildings:

11% first mortgage, due 1980	\$ 48,416
12% first mortgage, due 1980	49,734

Lien notes, secured by radio equipment:

Due 1979	1,849
Due 1984	205,816

Notes payable:

\$ 50,000 due annually 1978-1986 without interest	450,000
\$ 5,555 due annually 1978-1986	49,995
\$225,000 due annually 1978-1986	2,025,000

Bank loan, secured by collateral mortgages

203,240
<u>\$3,034,050</u>

8. Share Capital

Authorized:

1,040 Class A voting, non-participating shares, no par value

4,250,000 Class B non-voting, participating shares, no par value

Issued and fully paid:

1,040 Class A shares	\$130,000	\$130,000
860,000 Class B shares	767,500	767,500
	<u>\$897,500</u>	<u>\$897,500</u>

9. Commitments

A subsidiary company has entered into long-term leases of equipment and premises which require annual rentals of \$198,080 1978-1981, \$168,080 1982-1983, \$12,000 1984.

10. Statutory Information

The direct remuneration paid or payable by the company to the directors or senior officers of the company for the year ended August 31, 1977 was \$36,500 (1976 — \$51,500).

Interest on long-term indebtedness for the year ended August 31, 1977 was \$28,450.



ALL-CAN HOLDINGS LTD.

*A public company with shares listed on the
Toronto and Vancouver Stock Exchanges.*

Wholly owned subsidiaries:

ALL-WORLD CINEMA LIMITED

BELLEVILLE MEDIA LIMITED

CHIC RADIO LIMITED

GREEN INK LIMITED

MEDIA ALL-CAN INC.

Harry J. Allen Jr. and
Leslie A. Allen, officers
of the above companies,
are carrying into the 70's,
in Canada and throughout
the world, the entertainment
tradition synonymous
with the Allen name
since 1906.



CANADIAN AND WORLD FILM DISTRIBUTION

CANADIAN BROADCASTERS

Head Office:

All-Can House, 41A Avenue Road,

Toronto, Canada, M5R 2G3.

Telephone: (416) 925-3173.

Cable Address: LASALLEN,

Toronto, Canada.